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Health and Human
Services Commission

Presentation on the Affordable Care Act

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Affordable Care Act

- In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act were signed into federal law, collectively known as the Affordable Care Act (ACA).
- Following challenges by 26 state attorneys general and the National Federation of Independent Business, the Supreme Court of the United States considered, among other questions
  - Whether the law's individual mandate to purchase health insurance was constitutional, and
  - Whether the Medicaid expansion was unconstitutionally coercive for states.
- On June 28, 2012, the U.S. Supreme Court ruled the individual mandate constitutional, but determined that Medicaid expansion was optional for the states.

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Affordable Care Act and Medicaid

- Medicaid Expansion
  - The Court upheld the Medicaid expansion up to 138* percent of the Federal Poverty Limit (FPL), with limitations, effectively making it optional for states to implement.
  - If a state decides not to participate in the Medicaid expansion, the state can continue receiving funds for its existing Medicaid program.
- Federal law requires that state Medicaid and CHIP programs establish an interface with the Exchange to coordinate eligibility determinations, and it also requires a single, streamlined application for Medicaid, CHIP and the Exchange.

*Eligibility determination for the ACA optional Medicaid expansion population includes a five percentage point income disregard, effectively bringing the eligibility limit to 138% FPL.

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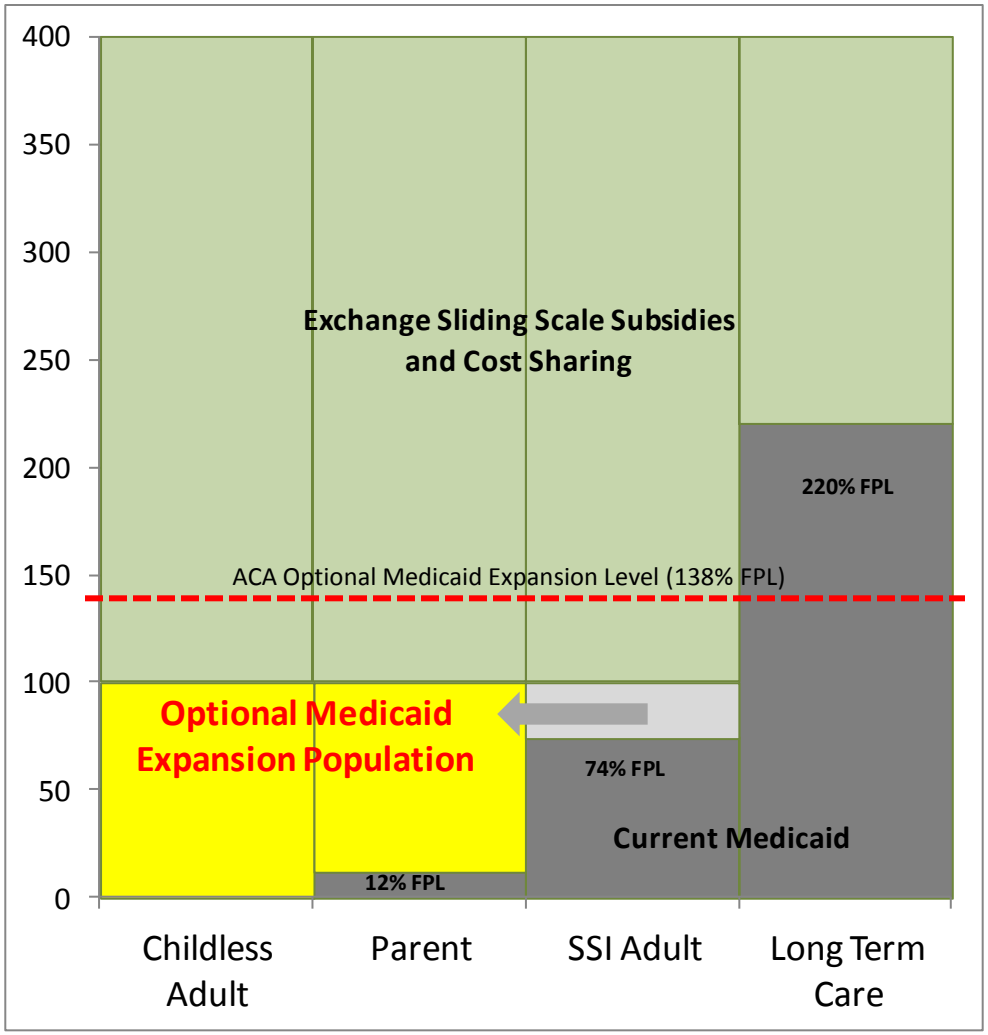
Recent Federal Guidance

- On December 10, 2012, U.S. Department of Health and Human Services (HHS) issued a letter to state Governors regarding various ACA provisions, including the Medicaid expansion. HHS clarified:
  - There is no deadline by which a state must notify the federal government of its intention regarding the Medicaid expansion.
  - Although states have flexibility to start or stop the expansion, enhanced federal match of 100 percent is only available in 2014 through 2016.
  - The law does not provide for a phased-in or partial (at a reduced FPL level) expansion.
    - CMS will not consider partial expansions for populations eligible for the 100 percent matching rate in 2014 through 2016.
    - HHSC has received verbal guidance from CMS that a county-based expansion is considered a partial expansion.
  - Further demonstration opportunities will become available beginning in 2017, when the 100 percent federal funding begins to decrease.
    - Demonstrations must ensure the same level of coverage, affordability, and comprehensiveness at no additional costs for the federal government.
  - States proposing a partial expansion would be subject to the state's regular federal match rate prior to 2017.

Optional Medicaid Expansion Population



Note: The ACA provides an option to expand Medicaid coverage for adults under age 65 up to 138% FPL.

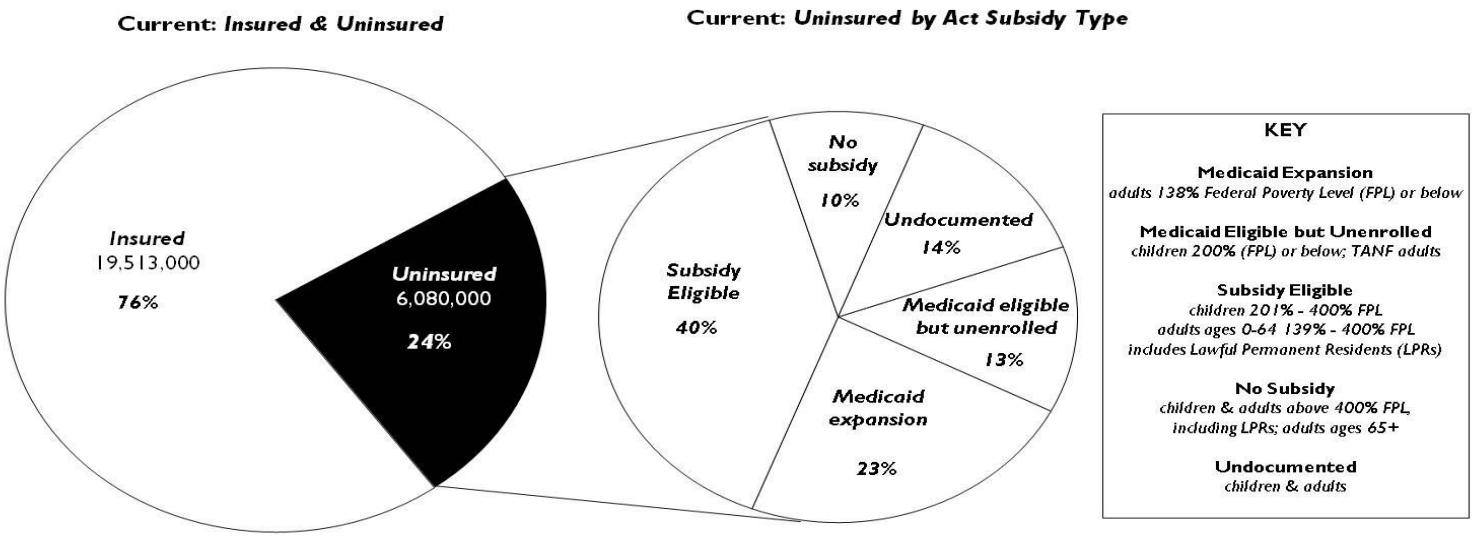
Individuals between 100-400% FPL will have access to subsidies through the Exchange, with the exception of lawfully present aliens with incomes up to 100% FPL.

Annual Income Levels

FPL Level	Individual	Family of 3
12%	$1,340	$2,291
74%	$8,266	$14,126
100%	**$11,170**	**$19,090**
133%	$14,856	$25,390
138%	$15,415	$26,344
400%	$44,680	$76,360

Current Insured Texas Population

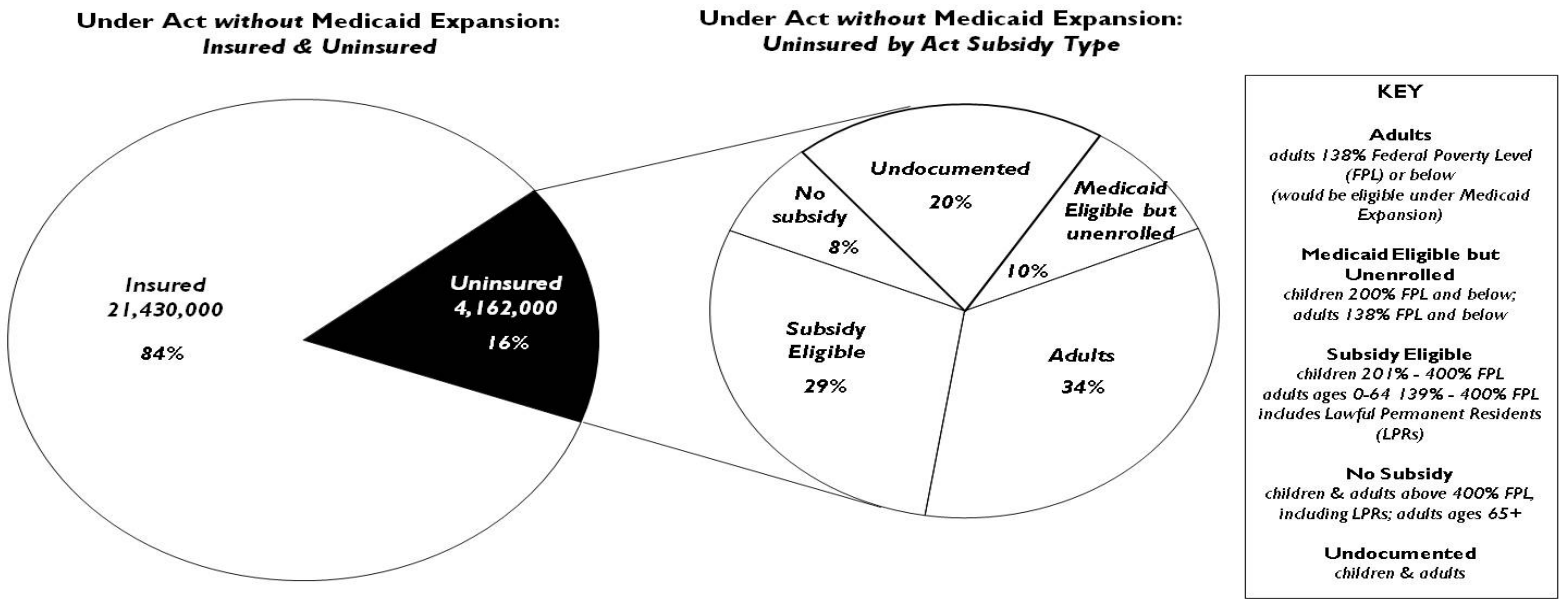
Figure 1: Texas Population — Current: Insured and Uninsured, by Affordable Care Act (ACA) Subsidy Type



Note: *Due to rounding, percents may not total one hundred percent.*
Source: *U.S. Census Bureau. March 2012 Current Population Survey (CPS).*
Prepared by: *Texas Health and Human Services Commission, January, 2013*

Population without Optional Medicaid Expansion

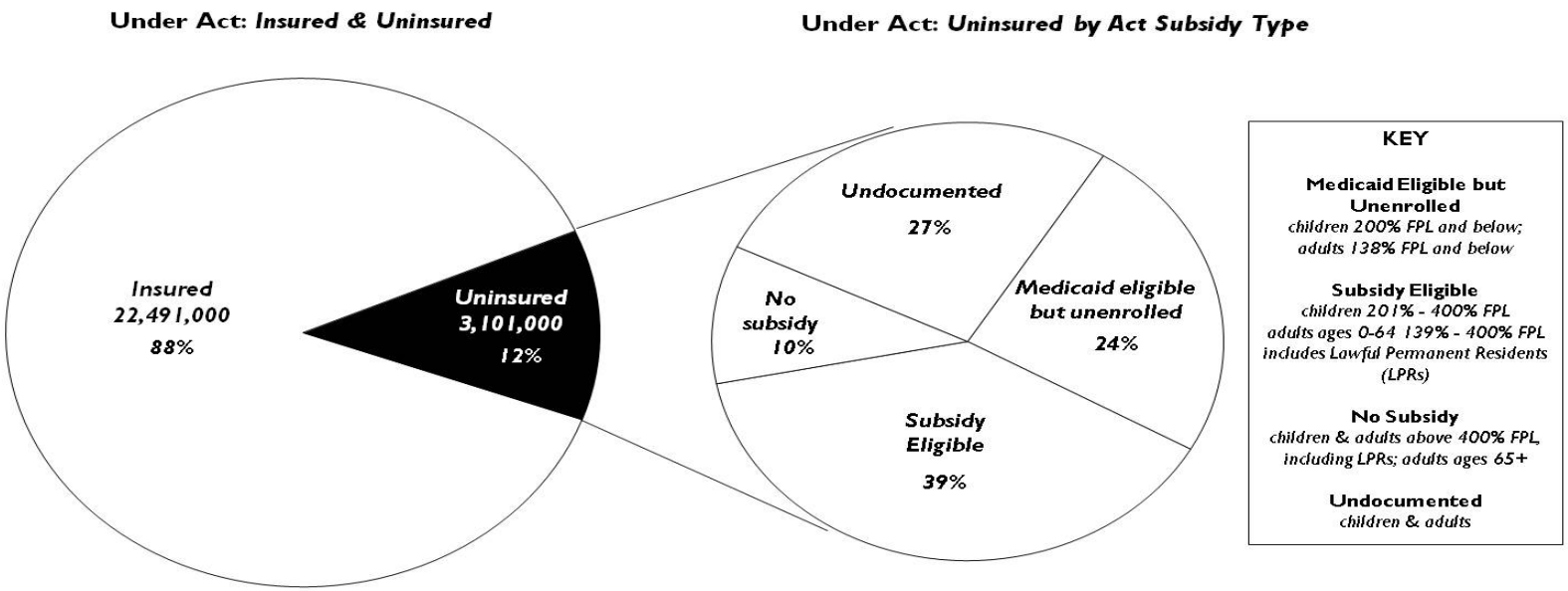
Figure 2: Texas Population — Under Act WITHOUT IMPLEMENTING MEDICAID EXPANSION: Insured and Uninsured, by Affordable Care Act (ACA) Subsidy Type



Note: Due to rounding, percents may not total one hundred percent.
Source: U.S. Census Bureau. March 2012 Current Population Survey (CPS).
Prepared by: Texas Health and Human Services Commission, January, 2013

Population with Optional Medicaid Expansion

Figure 3: Texas Population — Under Act WITH FULL MEDICAID EXPANSION:
Insured and Uninsured, by Affordable Care Act (ACA) Subsidy Type



Note: Due to rounding, percents may not total one hundred percent.
Source: U.S. Census Bureau. March 2012 Current Population Survey (CPS)
Prepared by: Texas Health and Human Services Commission, January, 2013

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ACA Program Integrity Provisions

- Program Integrity Provisions
  - Provider enrollment and re-enrollment requirements in Medicare, Medicaid, and CHIP
    - Stratification of provider types by risk level
    - Increased disclosure requirements for owners and persons with controlling interests
    - Periodic re-enrollment initiatives
    - Rules and policies implementing required grounds for denial
  - Increasing recovery audit contractor activities
  - Payment suspensions upon receipt of a credible allegation of fraud
    - Coordination with Office of Attorney General through joint task force
  - Termination of providers
    - Termination from Medicare or any other state's Medicaid or CHIP program
    - Failure to submit claims for twelve consecutive months
    - Falsified, unverifiable, or incomplete enrollment disclosures
    - Prior criminal health care fraud convictions of persons with ownership interests
    - Refusal to grant access for site visits